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Business

Outlook bright for finance firms, says EY

By Anna Isaac

A WELL-MANAGED Brexit and stronger than expected economic performance will boost the financial services sector in the year ahead, according to the EY Item Club.

The outlook for the UK financial services sector is better than many had hoped, its findings show, but challenges remain in the consumer credit, residential mortgage and business lending markets.

Equity markets should still perform well in the year ahead, despite recent turbulence, as the worldwide uptick in GDP growth continues to support asset prices, the forecast said.

Fixed income assets such as bonds are also going to benefit from gradual hikes in interest rates from the Bank of England, along with tighter monetary policy from the European Central Bank and the US Federal Reserve.

Consumer credit is expected to slow for the first time in five years, however, dropping to 3pc and then 2.8pc in 2019. This would be a sharp fall from the 8pc growth of 2016, and 6.9pc in 2017, and a sure sign of consumers reining in spending.

The drop-off may also be a result of efforts from Bank of England policymakers to address what Governor Mark Carney described as a "pocket of risk" arising from high growth rates in unse-

cured borrowing, which could leave high street lenders vulnerable to economic shocks. As a result, banks appear to have clamped down on their criteria for unsecured lending.

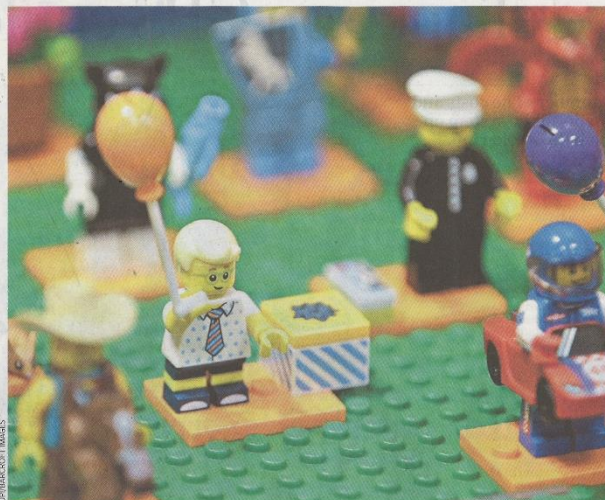
Inflation is set to fall to 2.5pc this year, down from 2.7pc in 2017, according to the EY Item Club.

This will ease the pressure on household budgets, but there will not be a sudden uptick in real disposable incomes.

The analysis predicts only a 1.2pc rise in spare cash in 2018, putting a fairly tight limit on consumer spending power. Retailers can only look forward to a 1.3pc lift in consumer spending, well below the 17pc seen in 2017 and the 2.9pc boost of 2016.

Mortgage lending will have a sluggish year, growing by 2.4pc, just over half of 2017's 4.2pc rate. Omar Ali of EY said: "Banks' ability and desire to lend remains strong, and as we move towards a deal with Europe, the hope is that appetite to borrow will pick up."

Auto-enrolment in pensions will boost UK assets under management in the year ahead. From April, employers' contributions will rise to 2pc, reaching 3pc by April 2019. This growing pensions coverage will help continue, at a slightly slower pace, the strong growth seen last year. Assets grew by 14.6pc in 2017, reaching £1.24trillion.



Brand building Lego has been named strongest brand in Britain, rising from 25th last year and taking the top spot from British Airways, which fell outside the top 20 in the annual ranking by the Centre for Brand Analysis. The top five also included Gillette and Apple.

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BUSINESS BULLETIN

Manufacturers push business output higher

Manufacturers are lifting the UK's business output, propping up the dominant services sector, according to research from BDO. The accountancy group's output index, which tracks GDP growth, rose to 99.78 in February from 99.63, driven by a sharp rise in manufacturing output, despite the sector only making up about 10pc of total economic output.

SMEs hit with 'triple whammy' of threats

Britain's 5.7m small and medium-sized enterprises are facing a "triple whammy" of threats, according to research from Clydesdale and Yorkshire Bank. SMEs say skills shortages, rising costs and a lack of confidence which is limiting borrowing are holding back their sector, which turns over some £1.9 trillion a year.

AJ Bell appoints new director as float looms

AJ Bell has added Eamonn Flanagan to its board as a non-executive director, as the broker prepares to float on the London Stock Exchange. Mr Flanagan has been a director of Shore Capital Markets since 2003, and he will continue to work there in an advisory capacity.

Share prices www.telegraph.co.uk/shares

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Tradeweb

Government Securities

Amount	On Stock	Price	File	Net
2007.7	Tras 6.25	122.69	6.52	0.80
2507.5	Tras 6.25	125.00	4.80	1.25
1507.5	Tras 6.25	140.67	4.18	1.55
3404.3	Tras 4.5	131.34	3.24	1.77
2701.3	Tras 4.5	136.33	3.22	1.86
2501.1	Tras 4.5	148.89	3.19	1.89

Index United Securities

6579.0	Tras 2.5	120.61	7.79	0.00
6821.2	Tras 2.5	121.68	7.97	0.00
4841.2	Tras 4.5	130.50	2.35	0.00
8044.8	Tras 2.5	123.94	1.39	0.00

the share prices, prices, earnings and other related data

MCap	Stock	Price (p)	Cur	Yld
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Engineering / Industrial

1811.2	Boc Group	948	2.9	1.8
195.7	Coolings	448.5	2.1	3.1
1316.8	Comet Group	831	4.0	1.2
137.7	Cropper	1455	6.3	0.8
917.6	Fennell	473	4.2	0.9
115.5	Goodwin	1600	2.0	2.6
3184.8	IMI	1141	1.4	3.5
3289.3	Jardine Matheson	452.95	8.1	2.5
202.5	Land Rover	611	4.9	5.8
416.3	Mobius	236.5	4.3	1.9
718.7	Mood	1984.5	2.2	2.6
217.8	Novartis	76	2.1	3.3
671.6	Smiths Group	1610	3.3	2.7
5418.4	Smiths (US)	518.1	1.4	3.0
7637.1	Smiths (UK)	518.1	1.4	3.0
4251.8	Spirax	5780	2.1	1.4
535.4	Votec	1190	2.0	2.6
4484.1	Worle	2002	16.7	2.3

Food producers

1184.9	Unilever	1934	5.85	2.4	1.9
1561.5	Legal & General	2025	2.1	5.8	
1252.6	Old Mutual	2565	1.7	2.7	
3136.1	Praxis	797.5	0.7	6.1	
47774.2	Prudential	1816.5	1.7	2.4	
6363.4	BSA	635.5	1.3	3.1	
6100.3	St James Place	1153	0.5	3.7	
11834.7	Standard Life	370.1	1.4	5.8	

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Investment trusts

10474.9	AI	977.5	6.96	1.7
2044.9	AI Infrastructure	1590	2.0	3.8
400.5	Abertis Overseas	122	125	6.8
255.2	Abertis New India	412	500	—
2533.3	Alliance Trust	739	784	1.8
358.8	Alliance Tech Trust	1512.5	1346	—
1072.9	Bovens (UK)	880	876	2.2
428.3	Biotec Growth	758	811	—
91.7	BlackRock	774	77	5.2
135.3	BlackRock (US)	4780	581	5.2
314.2	BlackRock (UK)	1631	160	3.1

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1447.5	Avonmore	1120	1.2	2.3
5832.3	Informa	767.8	1.8	2.9
6165.9	ITV	153.8	1.8	5.1
5865.8	Pearson	751.5	2.9	2.3
15097.2	RELX	1512.4	2.1	2.6
3911.0	Rightmove	4300	2.7	1.3
23000.5	Sky	1338	3.1	1.0
230.8	Trinity Mirror	831	4.0	6.9
3665.1	UBM	836	1.6	2.5
15272.2	VPP	1204.5	2.4	5.0

Mining

24817.7	Anglo American	1752.5	2.4	6.2
8817.5	Antipater	894.5	0.6	2.3
30326.1	BHP Billiton	1635.8	1.1	6.9
1745.4	Centamin	151.5	4.5	5.9
6258.1	Evraz	437	0.8	9.9
9126.4	Freeport	1238.5	1.9	2.4
53342.7	Glencore	3695	2.0	3.9
1076.8	Hochschild Mining	711.5	2.4	1.1
28.2	Kennecott	262	—	—
2091.7	Lonmin	795	2.9	—
182.2	Lucifer	645	—	—

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3461.9	Banqueparibas	455.5	5.5	—
483.3	Belco	340	3.8	2.8
11910.8	BK Capital	506.5	11.9	2.8
6799.3	Land Securities	917.4	4.7	—
257	Local Shopper	311	4.2	—
1278.0	London & Lancashire	1833	4.2	—
234.8	Mackay	239	1.8	—
331.0	Mackay	523	4.3	—
284.7	Russian Russia	43.5	—	—
145.8	Russian R. C. R. P. P.	147	8.2	—
2.1	Russian R. W. S.	22	—	—
738.8	Russian R. C. R. P. P.	126	5.4	—
476.8	RDX	355	3.9	7.4
1884.8	Sainsbury	519.5	2.7	—
428.3	St Helens	376	4.3	1.7
1426.4	St Helens	1065	3.3	1.5
6007.5	Sigco	999	2.7	—
3022.2	Shutterstock	983.5	1.6	—
151.5	Town Centre	285	4.0	—
2012.7	Trizec	147	143	4.5
795	Trizec	795	2.9	—

Tobaccos

208341.2	B&W	334	1.9	2.0
14155.0	Campania	137.5	2.8	0.4
723449.0	Chesapeake	116.8	3.8	1.1
18835.4	Coca-Cola	41	3.1	1.1
82383.3	Cosplay	711	2.4	1.4
21148.7	Dr Pepper	117.5	2.0	2.5
167968.7	Dunelm	711	2.1	0.6
994.7	Clarks	3290	1.8	2.0
315521.4	Essex	745	4.1	1.5
32542.1	First Choice	215	—	—
3038.0	Northgate	345	2.6	3.9
5666.0	Northgate	566.6	1.2	4.1
292.7	Simons	355	3.6	4.0

Travel & leisure

9830.8	Carnival	4738	2.0	2.7
24508.4	Compass	1551.5	2.1	2.2
6288.4	easyJet	1563	1.9	2.6
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